# GOVERNMENT OF INDIA
# FINANCE
# LOK SABHA

UNSTARRED QUESTION NO:998
ANSWERED ON:22.07.2016
Credit to Small Farmers
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**Will the Minister of FINANCE be pleased to state:**

(a) the percentage of small and marginal farmers who have access to credit; and

(b) the steps being taken to ensure access to credit for small farmers, who own less than 1 hectare of land?

## Answer

The Minister of State in the Ministry of Finance

(a) As per Situation Assessment Survey (SAS) of Agricultural Households conducted by National Sample Survey Organisation (NSSO) in the rural areas of the country, during NSS 70th round (January, 2013- December 2013),for the reference period of the agricultural year July 2012- June 2013, approximately 45% of indebted small and marginal farmers (land possessed up to 2 ha) had access to institutional credit.
(b) Government/Reserve Bank of India(RBI) and NABARD have taken the following major steps to ensure hassle-free access to credit for small and marginal farmers:

â€¢ The directions on Priority Sector Lending (PSL) issued by RBI give special focus on credit to small individual farmers. Under these directions, 18 percent of Adjusted Net Bank Credit (ANBC) or Credit Equivalent Amount of Off-Balance Sheet Exposure, whichever is higher, is prescribed for Agriculture, within which a sub-target of 8 percent of ANBC or Credit Equivalent Amount of Off-Balance Sheet Exposure, whichever is higher, is prescribed for small and marginal Farmers. This step is aimed at increasing the flow of credit to small and marginal farmers, including, inter alia, farmers with landholding of up to 1 hectare, landless agricultural labourers, tenant farmers, oral lessees and share croppers.

â€¢ In order to ensure that all eligible farmers are provided with hassle-free and timely credit for their agricultural operations, the Government has introduced the Kisan Credit Card (KCC) Scheme, which enables them to draw cash to purchase agricultural inputs such as seeds, fertilizers, pesticides as well as meet other agricultural and consumption needs. Tenant farmers, oral lessees and share croppers are also covered under the scheme.The KCC Scheme has since been simplified by providing the farmers with ATM enabled debit card based on one-time documentation and built-in cost escalation in the limit, etc.

â€¢ With a view to ensuring availability of agriculture credit at a reduced interest rate of 7% p.a. to farmers, the Government of India implements an interest subvention scheme for short term crop loans up to Rs. 3.00 lakh. Under the said scheme, additional subvention of 3% is given to those farmers who repay their short term crop loan in time, thereby reducing the effective rate of interest to 4% p.a. for such farmers. Under the Interest Subvention Scheme, post-harvest loans against Negotiable Warehouse Receipts (NWRs) provided by banks to Small Farmers/Marginal Farmers having Kisan Credit Card (KCC), are also available at the interest rate of 7% per annum for a period of upto six months, in order to discourage distress sale of produce by small and marginal farmers.

â€¢ To bring small, marginal, tenant farmers, oral lessees, etc. into the fold of institutional credit, Joint Liability Groups (JLGs) have been promoted by banks.

â€¢ Banks have been advised by RBI to waive margin/security requirements of agricultural loans upto Rs.1,00,000/-, vide RBI's circular dated 18th June, 2010.